

**Secret**

25X1



DIRECTORATE OF  
INTELLIGENCE

# *WEEKLY SUMMARY*

**Secret**

25 August 1972

No. 0384/72

Copy **Nº**

**50**

State Dept. review completed

25X1

**CONTENTS** (25 August 1972)



- 1 USSR-Egypt: Dirty Linen
- 2 Law of the Sea: Back on Course

**FAR EAST**

- 3 Indochina
- 8 Philippines: Politics of Property
- 9 Singapore: To the Polls

25X6

**EUROPE**

- 10 Czechoslovak Trials End
- 11 USSR - Eastern Europe: Autos
- 12 Yugoslavia: Countering the Emigres
- 13 USSR: Stemming an Exodus

25X6

**MIDDLE EAST  
AFRICA**

- 15 Morocco: In the Eye of the Storm
- 16 Persian Gulf: New Friends
- 16 Burundi: A Long Way To Go
- 17 Somalia: Siad Tightens Grip
- 18 Yemen (Aden): Ali vs. Ismail
- 19 Sri Lanka: Land Reform, Labor Unrest
- 19 Cyprus: Intercommunal Talks
- 20 Oil Talks Progress

**WESTERN  
HEMISPHERE**

- 20 Honduras: More Ferment
- 21 Argentina: Time of Trouble
- 22 Ecuador: First Half-Year
- 22 Costa Rica: Common Market
- 23 Chile: Economics Makes Politics

25X1

**Page Denied**

Next 2 Page(s) In Document Denied

SECRET

## USSR-EGYPT: DIRTY LINEN

B+A [As the removal of Soviet military personnel and equipment appears to be coming to an end, so do the efforts in both Moscow and Cairo to avoid public recriminations over the expulsions. The effort in Cairo, never very strong, seems to have cracked first with a series of articles in leading publications which rather specifically called Soviet good faith into question.]

B+A [Cairo's willingness to make its case public forced Moscow to react. And Soviet resentment over the expulsion, and especially over criticism of Soviet activities, boiled to the surface and will likely become more open. The Soviets had sought to avoid such exchanges which would harm their longer term interests in the Middle East and add fuel to world-wide speculation on their setback.]

1 [The first direct rebuttal of Egyptian criticism, which had been balanced to some degree by appeals for continued Soviet-Arab friendship, came in the current issue of the weekly magazine *New Times*. It was apparently triggered by 2 Egyptian editorials of 11 and 12 August which openly criticized Soviet behavior concerning Egypt. One was by *Al-Ahram* chief editor Haykal and the other by *Akhbar al-Yawm* chief editor Al-Quddus. In Soviet eyes they probably bore an official imprimatur.]

1 [The *New Times* article singles out Al-Quddus and charges him with anti-Soviet propaganda. It calls Egyptian claims of insufficient military aid "provocative" and sticks to Moscow's contention that Soviet military experts returned home with the thanks of the Egyptian leadership after completing their jobs.]

1 [The article also cites Golda Meir's appeal to Sadat to meet as equals and Secretary Rogers' call

for "active negotiations" as signs that "some people in the West and in Tel Aviv" feel Egypt has weakened itself. Egypt is exhorted to turn down these "old proposals for direct negotiations and interim agreements." ]

4 [The *New Times* article was only the opening shot. After Haykal and Al-Quddus again published critical editorials on 18 and 19 August, a Soviet Foreign Ministry official acknowledged in public that Moscow was particularly embittered by Egypt's handling of the expulsion in the press. He observed that this press treatment could only have the approval of the leadership in Cairo. ]

4 [The Soviets, in addition, are certain to react negatively if Sadat attempts to bypass Moscow in his avowed campaign to promote a peace settlement. *New Times*, for instance, encouraged the Arabs to rely on "the friendly support of the socialist commonwealth" in frustrating "intrigues" like those by Meir and Rogers. *Izvestiya* and *Pravda* on 21 and 23 August reflected particular concern about the Egyptian's turning to the US. *Izvestiya*, not surprisingly, blamed the US for most of the troubles in the Middle East over the past 20 years. *Pravda* underscored US support for Israel, saying this showed "how illusory the hopes of some Arab political leaders for 'mutual understanding' with the United States are." It warned that the Arab countries can achieve a fair peace only by relying on the Soviet Union and other socialist countries. ]

6 [These critical items in the Moscow press had been preceded by bitter comments made in private by Soviet diplomats in the Middle East. The US Embassy in Beirut states that Soviet Ambassador Azimov and other Soviet officials were making remarks highly critical of the Egyptians. As undiplomatic as these references may be, they are probably honest expressions of Soviet vexation at the Egyptians.]

25X1

SECRET

**SECRET****Law of the Sea****BACK ON COURSE**

Eventual convocation of the long-planned Law of the Sea Conference now seems assured. The UN Seabeds Committee removed the main obstacle to the meeting last week by adopting a list of topics to be discussed.

Early hopes that producing a conference agenda would be a simple matter foundered as the drafting got under way, and agreement was reached only after months of debate. The emergence of an agreed list is thus something of an achievement.

It does nothing, however, to solve the problems with which the Law of the Sea Conference must deal. There is, for example, a gathering of support for a 12-mile limit to territorial seas, but a number of countries persist in making greater claims. If this basic problem is settled, the economic rights of coastal states beyond their territorial seas must be debated. The related question of control over passage through straits falling within a 12-mile territorial sea would certainly become the subject of prolonged wrangling. There are also sharp differences over the type of international machinery that would be established to supervise the application of any agreements. The split on these issues is generally between developed and developing countries, but there is no unanimity in either group. Ultimately, each country will take a hard look at how its own economic and security interests would be affected.

Despite these problems, there is some cautious optimism. The Seabeds Committee meeting was the most productive one so far, and there is a growing realization among the participants that accommodations must be made on a number of specific issues. Nevertheless, the tactics employed by the developing countries could

cause difficulties if used at the Law of the Sea Conference. They caucused in the so-called "Group of 56" and faced the developed countries with unified, rigid positions on several issues. Many observers believe that this procedure was designed primarily for negotiations on the agenda items and will not be used again.

The Chinese delivered statements in the Seabeds Committee meetings designed to place them on the side of the developing countries, but they did not seem able either to assume leadership of the developing countries or to exert any special influence on them. Part of the difficulty may be that Peking is still feeling its way on complex UN issues, such as law of the sea. Soviet representatives took pains to counter Chinese charges of superpower collaboration. Early in the session, Moscow's chief delegate told his US counterpart that he would have to reduce public signs of cooperation with Washington. The Soviets subsequently raised the colonialism issue for the first time in the Law of the Sea context and also demanded East German participation in the Law of the Sea Conference. The Soviets also offered a new straits proposal without consulting the US, thus backing off from a previous informal US-Soviet understanding to insist on the right of free passage through international straits. Moscow, nevertheless, says it remains interested in private cooperation with the US on these matters.

The UN General Assembly, which convenes on 19 September, must approve the agenda and set the date for the conference itself. Preparatory work probably will not begin before late 1973, with consideration of substantive issues set back to early in 1974. In the meantime, the Seabeds Committee will continue to wrestle with the issues and to try its hand at drafting agreements on them.

25X1

**SECRET**

SECRET

## INDOCHINA

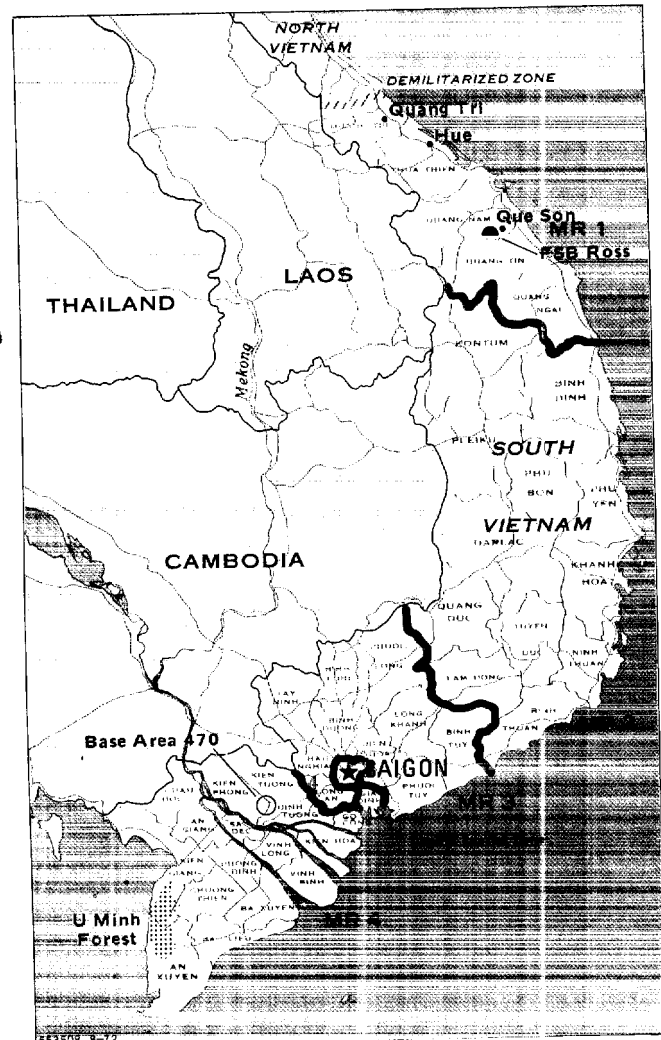
## NEW FRONT IN SOUTH VIETNAM

- 15 {The Communists opened another battlefront this past week by capturing the strategic Que Son Valley in the coastal lowlands of Military Region 1. Units of the North Vietnamese 711th Division forced government troops out of Fire Support Base Ross and the district capital of Que Son. The loss of these two positions appears to have been due as much to poor local leadership as to any overwhelming Communist military superiority. The South Vietnamese have launched counterattacks to recapture the two positions, but so far the operation is moving slowly. }

- 12 {Farther north, the Communists are strongly resisting South Vietnamese efforts to retake the Quang Tri City area. The action is largely a slug-fest between heavy artillery; casualties are high, but little territory has changed hands. Prisoners assert that North Vietnamese units in the area have no intention of abandoning Quang Tri City in the near future. The heavy artillery and mortar barrages by the Communists during the past week—over 4,500 rounds on one day—also indicate that they have been able to keep supply lines open to the Quang Tri City area. }

- 13 {With the exception of the delta, action in the rest of the country was fairly light. Some fighting took place in Binh Dinh Province where government troops are trying to recapture the northern three districts. The movement of the Communist 2nd Division from the highlands to the Quang Ngai - Binh Dinh province border, probably to reinforce the 3rd Division, suggests that the Communists may soon offer stiffer resistance to the government's operation. }

- 13 {The delta continues to be the scene of the biggest battles in the southern half of the country. Units and supplies continue to infiltrate from Cambodia into Base Area 470 in northwestern Dinh Tuong Province, and government efforts to stop this movement have produced numerous sharp engagements. Casualties to both sides have been high, but prisoners indicate the Communists will make a strong bid to gain and hold more territory in this area. Some sources claim that the Communists will try to cut Route 4, the main highway linking the delta and Saigon. If the road were cut for a long period of time, Saigon's major source of food would be disrupted and the psychological effects on the capital's population would be severe. }
- 12 {In the southern delta, there are fresh indications that combat units from the Phuoc Long Front will again attempt to infiltrate across the }



SECRET



The struggle goes on in Quang Tri City—Communist troops (above) and South Vietnamese Marines (below).



SECRET

border, probably into their base camp in the U Minh Forest. With government forces tied up in the fighting farther north, the Communists probably see the time as ripe for action in the delta that would further disrupt pacification and challenge government control.

### Bitter Words from Hanoi

In the last week or so, Hanoi's propaganda has been caustic about Moscow and Peking. Without mentioning the Soviets or the Chinese by name, the North Vietnamese have made it clear that they are deeply disturbed by the current attitudes of their big allies.

Hanoi's worry seems to center on the theme of "compromise." The burden of the propaganda is that through "unprincipled compromise" with the US, Moscow and Peking are betraying both the socialist revolution in general and the Vietnamese revolution in particular. Moreover, Hanoi's comments make it fairly clear that the North Vietnamese themselves have been under a good deal of pressure from their patrons to be less rigid on the question of a settlement. In Hanoi's convoluted language, the Vietnamese Communists have been "pushing back terrible pressure...of all kinds of none-too-agreeable actions in one way or another exerted by tendencies of compromise from the outside."

The propaganda takes a somewhat schizophrenic line when it discusses how Hanoi intends to react to this pressure. Some passages show a determination to persevere. "Our posture is very firm and can be reversed by nobody," asserts the party daily, adding, "We are ready to cope with all trials and will only advance, never retreat." But another section in the same editorial raises the specter of "times of regression" in the revolution. "A revolutionary movement rarely or never develops along a straight path," it notes. The army newspaper, moreover, praises the Communists' history of "flexibility" in their "revolutionary strategies." The theme that the revolution is bound to have its ups and downs has not been emphasized since late 1968 and early 1969, when the Vietnamese Communists were preparing to alter their tactics in South Vietnam.



Chou En-lai greets Le Duc Tho:  
*Hanoi's editorials were less friendly.*

North Vietnamese propagandists make no attempt to resolve this apparent conflict. The rhetoric is clearly designed to convince Hanoi's audiences at home and abroad that the Vietnamese Communists remain capable, materially and morally, of carrying on the struggle, and of standing up to their allies' pressure in the process—if they so choose.

### No Major Floods Yet

The rainy season is now well along in North Vietnam, and the country has so far escaped extensive flooding.

the flooding noted in

25X1

25X1

SECRET



**SECRET**

lowland areas north of Hai Duong in late July has spread to new areas along a 15-mile stretch of the Cao River. There has also been some flooding west of Hanoi in lowland areas between the primary dikes, but no significant damage is apparent. On the whole, the dikes themselves appear to be under little pressure. None of the flooding can be attributed to bomb damage. ]

[redacted] the rivers are no higher than normal for this time of year. Probably as a result of both the diminished flood threat and the regime's success in strengthening the dike system, Hanoi's news media have cut back their propaganda on the flood danger. ]

#### Minesweepers at Haiphong

[redacted] Haiphong harbor reveals the presence of four vessels apparently equipped for minesweeping. At least three of the ships entered the harbor in late July, but the presence of the others before mid-August cannot be confirmed.

[redacted] The largest ship is the only known unit of the 136-foot long Chinese Woo-sung class of minesweeper. The three smaller craft—about 93 feet long—are of a type not previously identified in the Chinese or Soviet naval inventories, although they bear a superficial resemblance to a Soviet diving tender. The mooring of these ships adjacent to Chinese merchantmen suggests that China has supplied all of them.

[redacted] the Woo-sung [redacted] is equipped to sweep moored contact, acoustic, and possibly magnetic mines, but it is not a modern or advanced minesweeper. The effectiveness of these four ships against sophisticated types of acoustic and magnetic mines is almost certainly limited. ]

#### Saigon Publishers Protest Press Decree

[redacted] Some elements of the Saigon press are protesting the government's new press decree, but they have been unable to get the measure changed, and it seems unlikely that they will be

able to keep the issue alive for long. A group of publishers staged a two-day strike this week, but not all of Saigon's papers joined the action, and the publishers reportedly have decided to abandon their efforts soon if they cannot get results. Some of the larger papers may actually benefit from the decree. Its provision requiring publishers to put up large deposits by early next month to cover future fines is expected to force many of the smaller and poorer papers out of business. ]

[redacted] The government does not regard the protests as much of a threat, and President Thieu has indicated he has no intention of compromising. Thieu has said that he does not want to see "responsible" opposition papers go out of business and that he has offered government-sponsored loans to publishers of two independent journals to enable them to raise the money needed for the deposit.

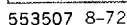
#### CAMBODIA: WAR ON THE ROADS

[redacted] Military action during the week was focused on government efforts to break the Communists' hold on several key highways. In the southeast, Cambodian and South Vietnamese forces operating along Route 1 finally managed to link up with the five government battalions that had been pinned down on the outskirts of Kompong Trabek since they were driven out of that town on 6 August. These combined forces apparently will now try to recapture Kompong Trabek. ]



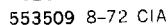
Cambodian Communist Troops

**SECRET**



25 Phnom Penh can ill-afford any prolonged closure of Route 5 because most of the capital's rice supply moves over this highway from Battam-

25 { The supply and price of rice are sensitive political issues in Phnom Penh, and government officials have long been aware that the city's stocks would not last until the next harvest is gathered late this year. The government may have delayed on this potentially serious problem to forestall the hoarding and price increases that accompany public awareness of shortages. }



25X1

Page 7 WEEKLY SUMMARY 25 Aug 72

SECRET

**LAOS: TOWARD THE PLAINE**

27 [As Vang Pao's offensive to recapture the Plaine des Jarres entered its second week, his irregular forces were still poised on three sides of the Plaine, but had made little progress on the Plaine itself. One three-battalion irregular task force that landed near Than Heup on 14 August is now patrolling on the western edge of the Plaine, but a second force moving from the southeast is awaiting better weather and air support before trying to dislodge Communist troops dug in on a ridge at the Plaine's edge.]

28 [Vang Pao, meanwhile, has sent additional troops to the north. Three irregular battalions were airlifted on 21 August to a landing zone near Phou Keng, a hill overlooking the Plaine on the northwest. On 22 August another task force began moving south from Bouam Long, an isolated government outpost north of Communist supply routes. These new pressure points—like those established to the west and south of the Plaine—presumably are intended to force the North Vietnamese to divert units from southwest of the Plaine.]

31 [Vang Pao now has committed more than 6,000 indigenous tribesmen to this offensive. In addition, elements of the 4,000-man irregular task force that has been operating east of Sam Thong since May are advancing toward Communist defensive positions in the hills southwest of the Plaine.]

**Changing of the Guard in South Laos**

30 [The initial phase of the government's rainy season offensive in south Laos ended on 15 August. The eight irregular battalions that had spearheaded the recapture of Khong Sedone and its surrounding villages have been withdrawn to Savannakhet Province for rest and retraining.]

**PHILIPPINES: THE POLITICS OF PROPERTY**

33 [US business interests in the Philippines are more than ever hostage to Philippine politics in

33 the aftermath of a Philippine Supreme Court ruling last week.] The court decided that the rights to land and business interests acquired by American citizens and corporations under a 1946 amendment to the Philippine constitution will expire along with the amendment on 3 July 1974. Although the legal niceties of the decision are still being sorted out, local politicians are delighted to have new fuel to stoke the fires of nationalism, an always useful political issue.]

33 [The court decision is so vaguely worded that it is uncertain how much of the total American investment of over \$1 billion will be affected. Some \$53 million in private land holdings and about \$276 million in other investments are clearly included and, depending on how the government ultimately chooses to interpret the ruling, a good part of the remainder may also be involved. Prior to the decision, many US businessmen had hoped that most rights acquired under the amendment could be retained and that its expiration would preclude only future acquisitions.]

32 [The Supreme Court did not address itself to the particulars of the timing and procedures for the dissolution of American rights. The majority floor leader of the Philippine Senate believes that congress should decide, and he is introducing a bill which calls for the reversion of the affected property to the Philippine Government. Since Manila is in the process of drafting a new constitution, however, the whole issue of the future of US rights will probably be resolved by the constitutional convention.]

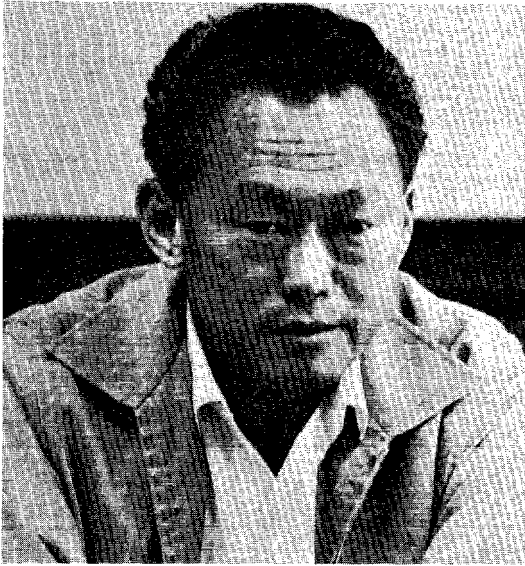
33 [President Marcos controls the convention and can pretty much dictate its final decisions. He is currently engaged in a campaign to retain power beyond the expiration of his present term and he, like others, has found that talking tough to the Americans is very popular with his constituents. He can be expected to use the now-precarious position of American business interests as a bargaining lever for more favorable treatment in the renegotiation of trade and economic agreements with the US.]

SECRET

SECRET

## SINGAPORE: TO THE POLLS

34 [Prime Minister Lee Kuan Yew should have no trouble gaining a thumping majority in parliament when his disciplined constituents vote next month. Taking advantage of the generally quiet situation he faces at home and abroad, Lee has decided to call elections some six months before the legal deadline.



Lee Kuan Yew

Singapore's numerous but sickly opposition parties sensed that he might do this and have been trying to coordinate their assault on the government's parliamentary monopoly. Thus far, however, only four of the 14 registered parties have managed to decide on candidates or agree on which party will contest which seat. Although Lee himself has forecast that his opponents might win as much as 30 percent of the vote, he is determined that they win no parliamentary seats.

34 Lee's major reason for calling elections now is based on international developments. He wants to reinforce his hand at home in case he must take decisive action in the foreign policy field. Lee, for example, is keeping a wary eye on upcoming general elections in both Australia and the

US—Australia in case the Labor Party wins and withdraws Canberra from the Five-Power Defense Arrangement on Singapore/Malaysia, and the US for fear that election politics force hasty changes in established Asian economic or military arrangements. He also wants to be able to come to terms with China quickly, if he must.

34 Domestically, Lee has less cause for concern. There is a small, though steadily increasing, current of dissent, largely among workers who are annoyed that the government holds down wages in a time of prosperity and who believe that the English-educated ruling elite does not speak for the Chinese-educated poor. There is disaffection in intellectual circles with Lee's autocratic rule, despite general approval of Singapore's progress under his regime. There seems little chance, however, that these diverse elements will be able to cooperate sufficiently to elect more than a couple of members to parliament.

25X1

25X6

SECRET

SECRET

25X6

## CZECHOSLOVAK TRIALS END

36 {The subversion trials which ran from 17 July to 12 August have ended, and legal proceedings against dissidents still in jail have evidently been  
 + suspended. The end was signaled on 16 August when the party daily, *Rude Pravo*, ran summaries of the cases of the 46 persons who received  
 37 punishment ranging from one year suspended sentences to six and one-half years imprisonment. +  
 President Svoboda also waived prosecution of a group of ten young Czechoslovaks accused of helping the last major defendant. }

36 {Many of those convicted were well known intellectuals or former party officials, and all had  
 + been supporters of Alexander Dubcek. They had refused to stop political activity even after warn-  
 37 ings from the security police, and the regime

finally decided to move against them even at the cost of adverse publicity. }

36 {The convicted were accused of "attacks against the basic principles of our state and social system." Czechoslovak laws on subversion, like those of other Eastern European countries and the Soviet Union, are particularly open to wide interpretation and application. The specific  
 + "crimes" involved were preparing a small action program, gathering in "conspiratorial meetings,"  
 37 distributing illegal printed matter, and keeping in touch with those who fled when the Russians came. Unfavorable Western publicity proved quite embarrassing, and Prague dwelt at great length on the legality of the trials, even to the extent of calling upon Soviet and East European propa-  
 ganda media for support. }

25X1

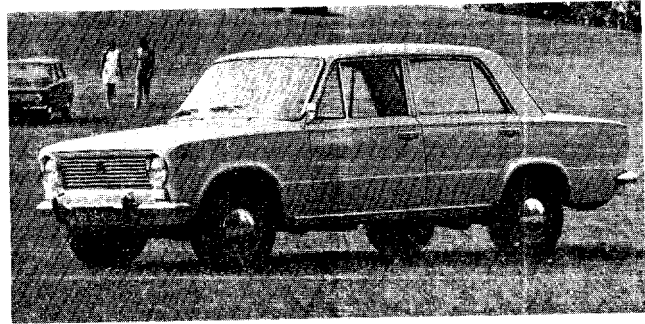
SECRET

### USSR - Eastern Europe AUTO PRODUCTION ROLLS ALONG

The rapid development of the USSR's automotive industry stems not only from the expansion and modernization of its own production capacity, but also from the use of plants in Eastern Europe as specialized suppliers of parts and subassemblies. The Eastern European countries are cooperating among themselves to a growing degree in the exchange of parts and finished vehicles. The CEMA Bank for Economic Cooperation is offering credits to member countries to finance new or expanded manufacturing capacity geared toward greater specialization. Planners in the Soviet Union and Eastern Europe are striving to achieve self-sufficiency for the bloc in the manufacture of cars, trucks, and buses.

The USSR began large-scale importing of automotive parts from Eastern Europe in 1970 when Poland, Hungary, Bulgaria, Czechoslovakia, and Yugoslavia started shipping parts and components to the Volga Automobile Plant at Tolyatti for the Fiat passenger car. Moscow also began to import East European technology and components for trucks and buses, while paying the supplying countries in finished automobiles.

The scope of cooperative automotive production arrangements between the USSR and Eastern Europe will be expanded substantially when the Soviet Union's Kama truck plant becomes operational. The complex, which will be the world's largest when completed in 1975, will

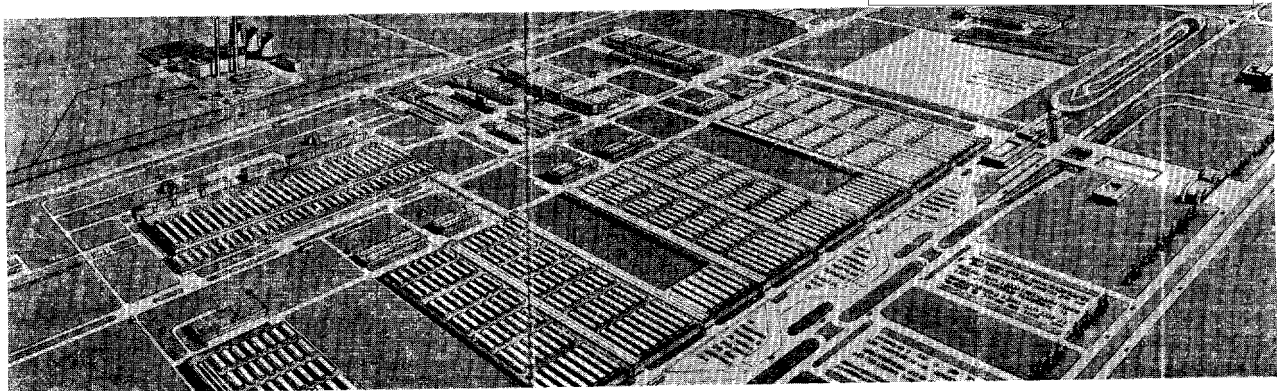


Fiat-designed auto being built at Tolyatti, USSR.

rely extensively on plants in Eastern Europe for parts and components to be used in the assembly of heavy diesel trucks. Hungary, for example, may manufacture more than a dozen parts and subassemblies. A plant to build larger trucks, which is proposed for construction in the late 1970s, also will rely heavily on Eastern Europe for parts. This plant would be a cooperative effort, with 40 percent of output going to Eastern Europe.

Plans to increase cooperation in automotive production are designed to afford East European plants the benefits of economies of scale in production while enabling Soviet industry to economize on labor and investment in plant and technology. Partly because of this larger scale of production, both Eastern Europe and the USSR will be increasingly dependent on the West for expertise in engineering and in production process and equipment.

25X1



Soviet artist's concept of Volga Automobile Plant.

SECRET

SECRET

## YUGOSLAVIA: COUNTERING THE EMIGRES

45 <Belgrade has taken the offensive against emigre terrorism and seems willing to risk damaging relations with several nations. It is particularly distressed that the terrorists have been able to recruit young Yugoslavs temporarily working abroad.>

42 <Strong protests have been lodged with Vienna and Canberra as a result of the guerrilla attack last month in Bosnia-Herzegovina. The action was carried out by emigres who were citizens of, or had resided in, Austria or Australia. Yugoslav Foreign Minister Tepavac was tough when he called in the Australian ambassador on 17 August. He was unmoved by the Australian ambassador's statement that extremist elements should not be permitted to achieve their goal of destroying the good relations between Australia and Yugoslavia. Tepavac left no doubt that Canberra's failure to move decisively against terrorists would have a serious adverse effect on those relations.>

46 <In the case of Austria, the Yugoslavs have been less virulent. Nevertheless, the message is there—Vienna's failure to crack down on terrorists will have negative consequences on relations with its neighbor to the south.>

44 <Belgrade's determination to press its case against emigres advocating terrorist tactics was increased last week by the escape from a Swedish maximum security jail of two Croats who assassinated Yugoslav Ambassador Rolovic in April 1971. The Rolovic killing severely strained Yugoslav-Swedish relations, and while the two men were recaptured, the incident aroused memories of the shock and horror that swept Yugoslavia at the time of Rolovic's murder.>

41 <Frustration and anger over the emigre problem have taken a toll on local police and security officials who have become increasingly edgy. In early July a Serb-American tourist was arrested

43

for alleged ties to an emigre group in Chicago. The defense attorney frankly admitted that the individual would not have been picked up had it not been for the guerrilla attack. American tourists of Yugoslav origin may come under even greater surveillance following the disclosure that a Zagreb writer, who has connections with emigres

### Emigre Attacks on Yugoslavia and Yugoslav Installations Abroad Since 1 April 1971

- 7 Apr 71 Two Croat emigre terrorists mortally wound Ambassador Rolovic in attack on Yugoslav Embassy in Stockholm.
- 26 Dec 71 Bomb explodes in front of Yugoslav Airlines office in Belgrade, injuring one person.
- 5 Jan 72 Bomb explodes in Zagreb office of *Borba*, killing one person. Croat emigres suspected of mailing package containing the bomb.
- 26 Jan 72 Croatian emigres claim responsibility for bombing of Stockholm-to-Belgrade Yugoslav airliner. The crash kills 26.
- 26 Jan 72 Bomb explodes on Vienna-to-Zagreb passenger train. Croatian terrorists are suspected.
- 30 Mar 72 Yugoslav tourist office in Stockholm leveled by terrorist bomb.
- Early Jul 72 19 Croatian terrorists infiltrate into Western Bosnia-Herzegovina. Near the town of Bugojno, they attack and kill 13 local security officers before being "eliminated."

SECRET



SECRET

in the US, has been indicted for working to overthrow the "socialist order in Yugoslavia.")

44 (The Yugoslavs used the 15-18 August visit of the West German minister of interior to press for new measures against radical emigres in West Germany. In the past, Belgrade has persuaded Bonn to clamp down and may hope that a new clamp-down can be held up as an example for others to follow. )

25X1

### USSR: STEMMING AN EXODUS

46 (Well-educated Soviet Jews have been applying for permission to emigrate to Israel in increasing numbers in the last few months; they are now encountering a major new obstacle. A law promulgated on 14 August requires the would-be emigrant to reimburse the state for his education. This is in addition to the 900 ruble emigration charge required since 1971. Compensatory fees will now be levied on "specialists, technicians and other educated people" leaving the USSR to establish "permanent residence abroad, including Israel." Although it applies to all emigrants, the law is clearly designed to retard the exodus of well-educated Soviet Jews.)

47 (The exact details are not known, but one Soviet official has said that the fee takes into account the specific university or technical school the prospective emigrant attended, the length of his attendance and his course of study. Another Soviet described a graduated system of fees ranging from 3,600 rubles for business training to a high of 22,000 for the equivalent of a Ph. D. in science.) Some confusion in the application of the new law is already apparent. Several Jews have reported variations in the amounts assessed for similar training, with some individuals even being quoted different amounts by different inspectors.)

48 (So far, Soviet authorities have been unmoved by arguments that these charges are discriminatory and beyond the means of most Soviet citizens. One official did note, however, that those unable to pay can apply for an exemption and that in some cases surrender of property will constitute partial payment. These provisions will probably be applied only in sensitive cases that might generate significant adverse publicity in the West.)

48 (Soviet officials claim that domestic public opinion strongly supports the new law and justify it by arguing that education paid for by the "working class" should not benefit capitalist states. The fees apparently are not required of emigrants to other socialist states. The officials also suggest that many countries would like to follow Moscow's example in order to stop the brain drain. Levies are also exacted of Jews by some East European states.)

49 (More than 16,000 Soviet Jews have already emigrated to Israel this year. Since the flow began in January 1971, Moscow has sought to stem it by exerting considerable pressure on highly educated would-be emigrants. Many of these have been demoted or dismissed from their jobs and still refused exit permits. Such pressure has apparently been insufficient, however, to discourage applications from Jews with specialized or higher education.)

49 (It will be weeks or even months before the impact of the new law on the size of the emigration can be determined. Nevertheless, Israeli leaders and Soviet and Western Jews are already alarmed and are likely to agitate in the hope that adverse publicity in the West will force Moscow to back down. Most Western governments have indicated that they intend to take no action on the matter.)

48 (The provision in the law for exemptions suggests that the Soviets have anticipated protests and left themselves a graceful way out of particularly sensitive cases. It also suggests that a complete reversal is unlikely. )

25X1

SECRET



**Page Denied**

**SECRET****MOROCCO: IN THE EYE OF THE STORM**

King Hassan seems bent on antagonizing every potential source of support and on isolating himself more thoroughly than ever. He responded to last week's attempted assassination by insulting the army, assuming direct control over military affairs, and warning that he would brook no challenge to his authority.

Military officers are bitter and humiliated over the severe dressing down the King administered to a group of some 70 to 80 high-level commanders summoned to Rabat on 19 August.

that he was summarily executed and they want vengeance. One faction among them wants to eliminate the King, but preserve the monarchy under a regency. Another would wipe out the monarchy and replace it with a socialist republic on the Egyptian model.

The King has placed the blame for the attempts on his life this year and last, as well as dissidence within the armed forces, on the instability of the political parties since independence in 1956 and the misinformation spread by their press. Although he implied at a press conference on 21 August that he would rule within a legal framework and would hold parliamentary elections at some unstipulated time, he in effect ruled out any concessions to the political opposition who are continuing to demand immediate broad political reforms. These would include a less dominant role for the King, a government responsible to a representative parliament, and Moroccanization of the economy. The King wants national unity, but the politics have to be played according to his rules.

Followers and friends of General Oufkir, whose death on 17 August was called by the government a "suicide of treason," are convinced



King Hassan



General Oufkir

**SECRET**

## PERSIAN GULF: NEW FRIENDS

61 {Estranged from their own neighbors, Jordan and Pakistan are seeking to win friends in the Persian Gulf. King Husayn and President Bhutto are offering military support in an effort to carve out spheres of influence in the area. The gulf was an almost exclusive British preserve until late 1971 when London terminated its treaties of protection with Bahrain, Qatar, and the United Arab Emirates. }

62 {A few Jordanians have for some time been attached to the defense and security forces of gulf states, but Husayn is eager to send additional personnel for training and advisory service. }

63 {Jordan has also provided arms to Oman, which has been fighting leftist rebels since 1963. }  
64 {In addition, Husayn has offered himself as a mediator of Abu Dhabi's territorial disputes with Saudi Arabia and Iran. }  
65 {Husayn hopes that his courting of gulf rulers will result in some badly needed financial assistance from the oil-rich sheiks, as well as burnish his tarnished prestige in the Arab world. }



President Bhutto and Sheik Zayid of Abu Dhabi

not too closely identified with Western imperialism. Too much success by Husayn and Bhutto might, however, offend the sensibilities of King Faysal of Saudi Arabia and the Shah of Iran, both of whom have ambitions about leadership in the gulf.

25X1

66 {Pakistan's defeat by India and the loss of its eastern wing have forced the Pakistanis to give greater attention to their relations with Muslim states, especially those of the gulf. }  
67 {Pakistan has long had commercial ties there, and surplus Pakistani workers have long found employment in the gulf. Abu Dhabi, the richest of the sheikdoms in the United Arab Emirates, is Bhutto's chief interest. }  
68 {In addition to enlarging the Pakistani contingent serving in Abu Dhabi's defense force, Bhutto has promised to provide pilots and technicians to operate Abu Dhabi's 12 new French Mirage 5s. If events on the subcontinent were to require it, Abu Dhabi's jets would probably be made available to Pakistan. }  
69 {Bhutto and Sheik Zayid have discussed a number of joint economic ventures and cultural ventures. Like Husayn, Bhutto anticipates that with little cost to his own country he can ensure advantageous political and financial returns. }

61 {The gulf rulers view military and security help from Jordan and Pakistan as being politically safe, free from the taint of Arab radicalism, and

## BURUNDI: A LONG WAY TO GO

72 {The violence that has racked Burundi throughout the summer is tapering off, but the new government appointed by President Micombero over a month ago has yet to take any major step toward reconciliation with the decimated Hutus. }  
67 {The new prime minister recently returned from several weeks of stumping the countryside where he told his predominantly Tutsi audiences that order had been restored. }  
At

SECRET

**SECRET**

7) the same time, he reminded them that "traitors" still exist and must be denounced—an open invitation to the Tutsis to continue the slaughter. The US Embassy is still receiving reports of scattered killings. }

7) < Efforts by Zaire and Tanzania to bring the repression to an end have been stymied by Micombero's insistence that the violence—a deliberate government campaign that has taken at least 200,000 Hutu lives—was necessary to suppress a Hutu uprising. Both President Mobutu Sese Seko and President Nyerere, faced with tens of thousands of Hutu refugees in their own countries, have met with Micombero and urged him to implement a policy of national reconciliation. They have met a stone wall, as Micombero will do nothing that might suggest an admission of guilt on the part of his government. }

decree in his own name rather than in the name of the council. The decree, which removed the government's political indoctrination centers from the control of the Information Ministry, substantially undercut the authority of the minister, one of Siad's chief rivals on the council. }

18) The government reportedly plans to set up a national political party. Siad would probably use such a party as an instrumentality to consolidate his authority and extend his influence. }

7) < Since coming to power through a military coup in October 1969, Siad has gradually strengthened his grasp on the reins of government. His authority is still far from absolute, and he faces plotting and maneuvering from within the factionalized government hierarchy. His recent actions may provoke additional opposition. }

73) < Siad could stimulate resistance to his recent attempt to promote Somali socialism. This probably will be unpopular with large numbers of Somalis who see socialism as being incompatible with Islam. Siad's pushing of Marxism-Leninism also could prompt a strong reaction from anti-Soviet elements in the council and the government hierarchy, some of whom believe that this and other recent moves by Siad reflect an increase in Soviet influence on the President. }

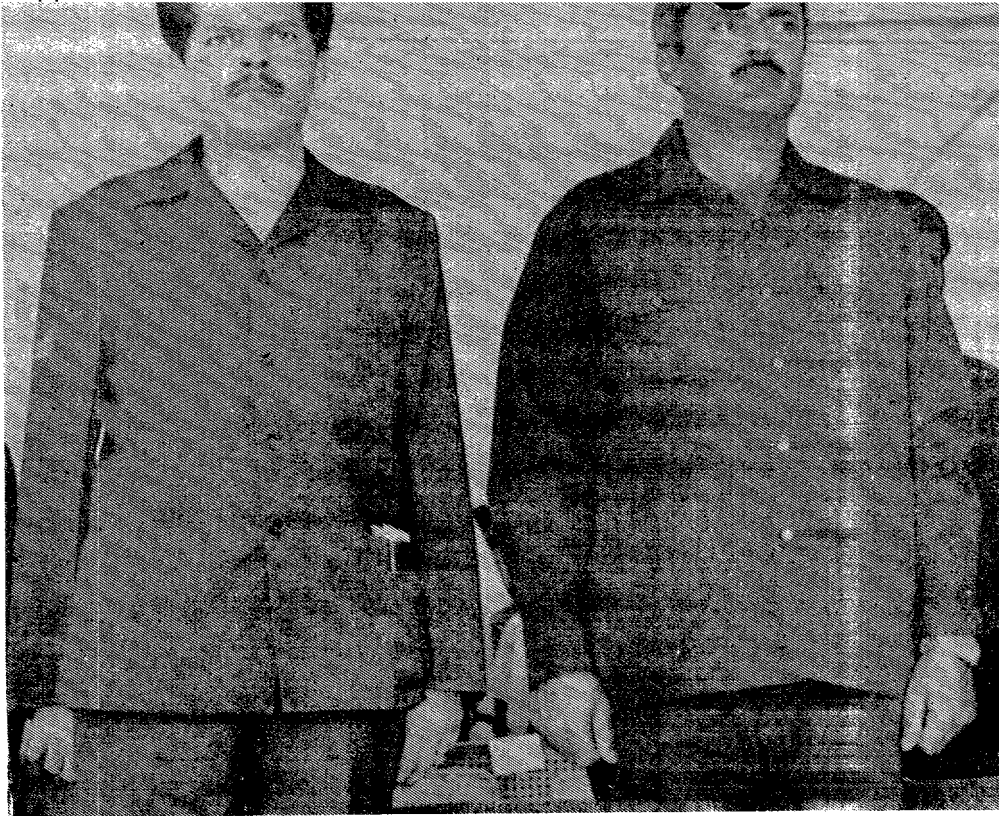
18) < Nevertheless, Siad has proven to be a durable and resourceful leader with important ties to the army and the security service. He has survived numerous threats to his position. }

### SOMALIA: SIAD TIGHTENS GRIP

7) < President Siad has embarked on a campaign to strengthen his position. During the past month the local press has been dominated by Siad speeches and by messages backing the President. The government has staged large demonstrations calling for unlimited support for Siad and his policies. Last week for the first time he issued a

75) < Should Siad emerge from his campaign believing his position strengthened, high-level government changes are likely. }

**SECRET**



Ismail and Ali

**YEMEN (ADEN): ALI VS. ISMAIL**

179 A factional political struggle, the result of a long-standing rivalry between President Salim Rubayi Ali and the secretary general of the ruling National Front, Abd al-Fattah Ismail, threatens to undermine further the country's already shaky hold on stability.

80 The latest phase in the struggle began in June when Ali arrested Aden's intelligence chief, an Ismail supporter, and Ismail later nationalized property in the Adeni provinces where Ali's principal supporters reside. Taking advantage of Ismail's extended absence from the country in July and early August, Ali retaliated by nationalizing property in Ismail's areas of support and removing several Ismail supporters from positions of power. Ismail's family has reportedly fled to Yemen (Sana).

179 Ali appears, for the moment, to have the upper hand, but his advantage is tenuous. Ismail has the support of the air force and the militia. Ali, on the other hand, has the support of most of the army, but the continuing political strife appears to be weakening his hold even on this force.

179 More turmoil thus seems in store for Aden as the two factions vie for power, and as Aden's domestic problems are compounded by its involvement in sporadic border clashes with Yemen (Sana). The latest round, in early August, went decisively to Sana. Although this involved only tribesmen on the Adeni side, there are serious questions about the over-all dependability of the Adeni Army in any major go-around with Sana.

25X1

**SECRET**

**SECRET****SRI LANKA: LAND REFORM, LABOR UNREST      CYPRUS: THE INTERCOMMUNAL TALKS**

90 One of the government's main populist planks, land reform, has been enacted into law, but the regime still has not taken effective steps to halt the country's economic decline. It may introduce such measures later this year, but concern about its declining popularity—most recently manifested by an upsurge of labor unrest—could lead it to water down or abandon the measures.

90 The land-reform act places a 50-acre ceiling on private land owned by Ceylonese. The new law's actual effect on land distribution may be slow in coming, but it could have an early impact on other government policies. By penalizing the upper class, the reform may improve prospects for reductions in Sri Lanka's costly consumer subsidy program this fall. Mrs. Bandaranaike's regime has held that sacrifices must be imposed on the privileged classes before the subsidy programs can be subjected to the cuts essential to halting the country's economic decline.

90 Last fall, government proposals for cutbacks in consumer subsidies triggered a wave of public protests, leading Prime Minister Bandaranaike to dilute the proposals. She is now concerned about a recent intensification of labor agitation, in which unions allied to a variety of opposition political groups have been coordinating plans for strikes and slowdowns.

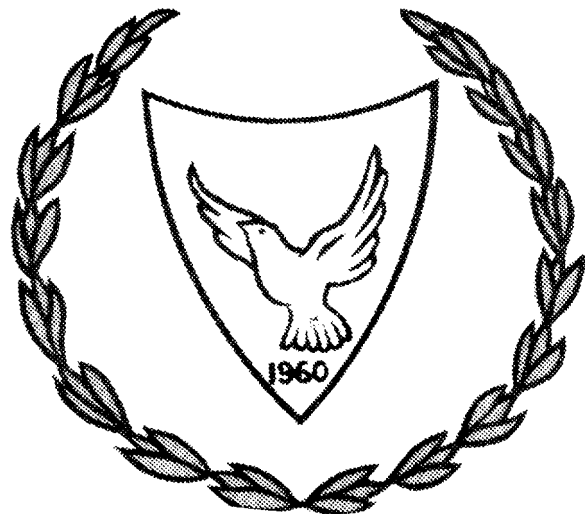
90 The administration apparently intends to resist the demands of these unions for wage increases and other benefits. Mrs. Bandaranaike knows that if she grants concessions to them many pro-government unions—already unhappy over consumer goods shortages, inflation, and unemployment—will step up their own demands, which the financially strapped regime can ill-afford to grant. The security forces appear capable of keeping unrest from getting out of hand, but at the cost of further erosion of labor support for the government and increased friction among the parties in Mrs. Bandaranaike's coalition.

90 Local government, one of the most contentious issues separating Greek and Turkish Cypriots, is now being discussed at the intercommunal talks. The Turkish Cypriots, distrustful of their Greek neighbors, want complete control of their local affairs; the Greek Cypriots, jealous of their majority position, insist on central—i.e., their own—authority over all local administrations. As a result, even minor difficulties over such matters as farming rights, housing, electricity, and telephone service have proved insurmountable in the past.

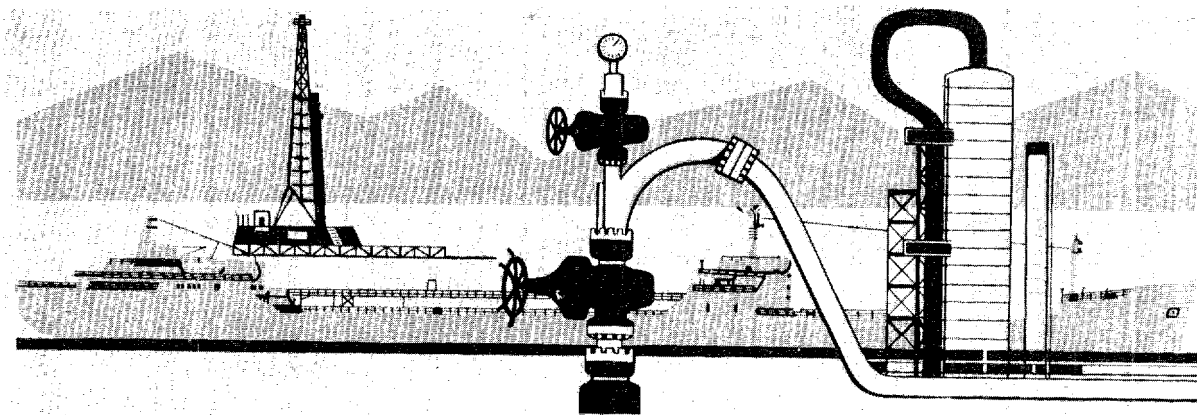
90 There is not much hope that the local government issue will be surmounted in the present round of talks. At present, the Greek and Turkish Cypriot negotiators are briefing the new participants in the talks—representatives from Greece, Turkey, and the UN—on past disagreements over local government. The two Cypriot sides entered this phase of the talks, which began on 8 August, giving every evidence of a determination to negotiate in good faith, and so far a conciliatory attitude has prevailed. Tempers are likely to flare, however, once the real substantive efforts to resolve the local government problem begin, probably toward the end of September.

25X1

25X1

**SECRET**

25X1

**SECRET****OIL TALKS PROGRESS**

92 <An aura of optimism surrounds the negotiations on participation by Arab Persian Gulf states in the operations of Western oil firms in these states. Saudi Arabian Oil Minister Yamani, representing Saudi Arabia, Kuwait, Iraq, Abu Dhabi and Qatar, has hinted that progress has been made on the fundamental issue of the compensation to be made to the companies. The companies apparently set the stage by backing off somewhat from their earlier demands for compensation based on a figure substantially above the net book value of their assets.>

92 <Discussions have also taken up the arrangements for marketing oil which Arab gulf states will receive title to as a result of participation and on the timetable by which the countries' initial 20-percent ownership will grow to 51 percent. Both sides prefer a negotiated settlement to avert a new oil crisis, and at least a tentative agreement

92 is likely in the current round of talks. The issue of participation is, of course, academic for Iraq, since Baghdad nationalized the bulk of Western oil company assets in June.>

92 <The Shah of Iran, who decided last year to negotiate independently on the issue of participation, has agreed to extend the oil consortium's concession to 1994. The consortium, in turn, will increase oil production from the current level of 4.3-million barrels per day to about 8-million barrels per day by 1980. In addition, the oil companies will build a new refinery at Kharg Island and make additional quantities of oil available to Iran at reduced prices. The agreement, scheduled to be signed before the end of this month, will more than double Iran's annual revenues to about \$4 billion and, at the same time, assure Western companies a major source of oil.

25X1

**HONDURAS: MORE FERMENT**

44 <A teachers' strike, student seizure of the university, and a Liberal threat to withdraw from the "unity" government are causing new problems for the unsteady Cruz government.>

44 <The teachers' strike is the outgrowth of a struggle for control of the educational system by two teachers' associations, one government-controlled and the other independent but under con-

siderable leftist influence. The latter has called a nationwide strike and supplied students with clubs and rocks to attack teachers of the rival organization, who are attempting to keep schools open. A number of people have been injured, and school buildings have been damaged.>

44 <Students at the leftist-dominated university are engaged in a similar—but unrelated—struggle.

**SECRET**

SECRET

Students allied with the conservative National Party have occupied the two branch campuses, demanding dismissal of the Maoist director of the agricultural extension school. Maoist students—by far the strongest student group—have retaliated by occupying the main campus at Tegucigalpa. Both groups are heavily armed, and a bloody encounter has been avoided only because the conservatives have not yet challenged the Maoists.

political necessity, may yet trigger his own overthrow.

25X1

## ARGENTINA: A TIME OF TROUBLE

The threat of a Liberal Party withdrawal imperils the "unity" government itself. Liberal leaders, angered that members of their party are being largely ignored at the policy-making level despite holding half the government posts, have called for undated resignations to be submitted to the party, which will hand them to President Cruz at the appropriate time. The plan is to withdraw only the cabinet members at first, hoping in this way to put sufficient pressure on National Party Leaders and the President, and thus enforce the terms of the "unity" pact. If this fails, members of the legislature, judiciary, and other agencies will be pulled out.

The slaughter of terrorists, allegedly trying a second escape, has added considerably to the growing burdens of President Lanusse. The government claims that 14 of the 19 terrorists recaptured after a prison break and airline hijacking last week were killed when they seized a hostage and tried to force their way out of the military garrison where they were being held. Speculation in the press and among political partisans that the affair was staged as a warning to terrorists has further damaged Lanusse's credibility and led to widespread student protest demonstrations.

Seeing the President's problems increasing almost daily, the Peronists have adopted tactics designed to exacerbate differences within the military—the base of Lanusse's power. Juan Peron's followers in Argentina have refused to participate in negotiations leading toward elections next March, have promised that the old dictator will return from exile by mid-October, and have called on the military to join the popular forces, oust Lanusse, and guarantee a genuinely "clean" election.

The Peronists seem to believe that the majority of the military still wants out of the government; Peron's followers think that they can get a better arrangement with Lanusse out of the picture. Military leaders may now believe that Lanusse's political plan has little chance of success, and while this could lead them to decide that Lanusse is no longer useful, it is unlikely to lead them into closer cooperation with the Peronists.

25X1

SECRET



**SECRET****ECUADOR: THE FIRST HALF-YEAR**

103 The Rodriguez government can make few claims after six months in office beyond the fact that it remains in power. This in Ecuador is no mean accomplishment, considering the government's lack of widespread support and the regional and personal animosities that are a hallmark of the country's political history.

102 The long-standing enmity between the coast and the sierra is stirring once again, as the government's tough anticontraband measures and its tight monetary policy have an effect on the port cities.

100 The left is as usual pressing for more radical policies; rightist opposition appears to be on the rise and the business community is vocally opposing a recent draft decree providing for more worker ownership of businesses.

105 At this time, there seems to be no widespread, organized plan for active resistance to Rodriguez. However, continued student unrest—which led to several minor but violent incidents during the last several weeks—and labor dissatisfaction with the administration's pace and direction, might precipitate more extensive opposition.

105 Within the military, Rodriguez seems to be maintaining a fairly high degree of support, although naval officers and junior officers of all services continue to press for more leftist policies. 104 Rodriguez showed his sensitivity to these sentiments in his address on 17 August, in which he repeatedly lauded the naval forces and stressed the need for continued unity among the military services.

105 Rodriguez labels himself a "revolutionary," and some of his rhetoric does indeed qualify as such. But he has shown little ability either to fashion an economic program or to widen his appeal to the various factions on the left and the right. The President's ability to keep his military backers happy and broaden his civilian support, and his success in weathering opposition from

**Rodriguez**

dissatisfied political and regional groups, will depend in part on the outcome of negotiations with foreign companies on further exploitation of oil reserves and how he distributes the resulting revenues. Rodriguez may in any case run into more serious opposition in the coming months unless he begins to display a more decisive economic and political direction.

25X1

25X1

**COSTA RICA: COMMON MARKET PROBLEMS**

107 The Central American Common Market is on the verge of new trouble as Costa Rica hints at withdrawal. The latest dispute stems from Costa Rica's refusal to adhere to the automatic payments system, which provides for immediate payment for goods exchanged among the member countries.

106 The system was suspended in June for 90 days after Costa Rica refused to continue dealing through the central mechanism and amassed a \$22-million debt. President Figueres claims that the system encourages imports and adds to Costa Rica's large balance-of-payments deficit. Costa Rica needs stabilization credit from its market trading partners, but its requests will not be considered until the present difficulties are solved.

106 The dispute has prompted Figueres to suggest that his country might temporarily withdraw from the market and resort to a system of bilateral treaties. Such a move would seriously

**SECRET**

SECRET

disrupt the faltering market and, if permanent, could adversely affect Costa Rica's economic growth.}

126 {It is doubtful that Figueres has actually  
107 made a decision to withdraw. He often lofts trial  
109 balloons in the media and makes final decisions  
only after getting public reaction. There is a grow-  
ing belief both in and out of the Costa Rican  
Government that the disadvantages of member-  
ship are beginning to outweigh the advantages.  
106 Nevertheless, Figueres' hint at withdrawal could  
be intended only to extract greater concessions  
from the other members. The Central American  
Monetary Council is to discuss the problem, but  
109 little progress is anticipated since the remedies  
under discussion are the same as those rejected by  
Costa Rica in June. [redacted]

#### CHILE: ECONOMICS MAKES POLITICS

112 {The violence that grew out of a nationwide  
shopowners' strike on 21 August was short-lived,  
but rising resentment over the Allende govern-  
ment's economic policies is likely to breed further  
trouble. The grievances of more than 100,000  
114 small retailers—worsening commodity shortages  
and profit squeezes—were economic, but the tim-  
ing and the basic motive for their successful strike  
were political. As official measures have impinged  
115 more and more on normal commerce, shopown-  
ers' organizations have been formed to resist. A  
seller's strike was one form of resistance planned  
by these groups, but they had agreed not to carry  
it out during negotiations with new Economy  
Minister Matus. They reneged after a provincial  
shopowner suffered a fatal heart attack while  
resisting police efforts to make him reopen his  
store.}

112 {Tension rose in Santiago when officials tried  
to force the strikers to reopen for business, and  
bystanders joined the argument on both sides.  
The police moved effectively but carefully, and  
113 there were few injuries. Right-wing groups, look-  
ing for any pretext to provoke trouble, burned  
buses and stirred up other incidents until Allende  
115 declared a state of emergency in the capital. The  
army general now in control of security there is  
exercising his power in low key.}

115 {Until these incidents, opposition forces had  
tended to let the administration's own mistakes  
and obvious internal frictions speak for them-  
selves. Now they are moving to take advantage of  
113 the effect of new official price and incomes  
policies on the general public. A recent round of  
price rises on food and other consumer goods will  
probably bring this month's increase in the cost  
of living to 20 percent, the largest in Chile's long  
116 history of high inflation. This would put the rise  
in the index for controlled prices at 60 percent so  
far in 1972; the true inflation rate is considerably  
115 higher because black market prices are as much as  
eight times the official level.}

113 {The government insists that such price in-  
creases are not exceptional in view of the coun-  
try's chronic inflation and current revolutionary  
structural changes. The workers' interests are  
115 being fully protected, the government claims pro-  
Allende media blame shortages and the spreading  
black market on hoarding, speculation, and  
smuggling. Officials are stepping up action against  
those they consider responsible. The extremist  
leadership of the Christian Leftist party in the  
coalition has called for "democratic distribu-  
tion"—i.e., rationing of basic foodstuffs to assure  
supplies for lower income groups. Allende shies  
away from rationing as politically counter-  
productive, and his government will probably rely  
on its already tightening control of distribution  
channels.}

113 {Allende has sent Congress an economic bill  
for immediate action; it includes a wage raise on 1  
October to cover cost-of-living increases as well as  
a special bonus for workers. This is on top of an  
estimated 26-percent increase in real wages last  
year. Opposition legislators, a majority, may  
respond with modifications providing for two  
wage raises, one immediately, plus lower tax  
increases for middle- and upper-income groups  
114 than the bill contains. Matus tried to explain the  
new economic policies to Congress on 23 August,  
but left in a huff when shouted criticism got too  
much for him. However this comes out, it is likely  
to add considerably to the nation's economic  
woes. [redacted]

25X1

SECRET

**Page Denied**

Next 1 Page(s) In Document Denied

**Secret**

**Secret**

**Page Denied**

Next 8 Page(s) In Document Denied

**Secret**

**Secret**